

March 13, 2003

Reflections on Responses to the President's
Commission on the U.S. Postal Service

By Murray Comarow

The Commission has been deluged with well over 200 statements from all corners of the postal community: unions, postmaster associations, supervisors, competitors, academics, mailers, individual citizens, the Postal Rate Commission, and the Postal Service itself. Having read a fair number of these statements, and having attended the Commission's two hearings, a pattern seems to emerge. If I am right, it is a pattern which short-changes the Commission and reveals a long-standing reluctance on the part of most mailers and some USPS executives to step up to the plate.

At the Commission's second hearing on February 20, I said that Executive Director Dennis Shea told me to be "blunt and specific." In similar roles, I've said the same thing to stakeholders and experts. Generalities may be sound, but they are of limited value to a group of outstanding citizens who are new to the complex issues they have undertaken to examine. Clear and specific recommendations are needed from all quarters. The clash of ideas, expressed with clarity and backed up by logic and evidence would serve the commission well.

Many postal stakeholders did measure up to that call. The unions, wanting to protect their unique binding arbitration rights, offered detailed data to demonstrate that postal wages are not excessive. The APWU argued that discounts to big mailers are unjustified and that the current "business model" is basically sound. The unions are responding head-on and with specificity.

One postmaster association (NAPUS) calls the current business model "outmoded," and its regulatory framework "obsolete." Its competitor (NLP) focuses on expansion of services, such as banking, voter registration, ATMs, and fax or copying machines. Both strongly support universal service and small post offices, and oppose privatization. Pretty specific.

Competitors such as the Newspaper Association of America and think-tanks like the Lexington Institute recommend a tightly regulated Postal Service with subpoena power and greater scope vested in the Postal Rate Commission. PRC Chairman George Omas agrees that this would be in the public interest, a posture consistent with the view of most regulators that it would benefit the nation if they had more power.

The American Enterprise Institute is sponsoring a series of publications and conferences, beginning March 17, to focus on technology and "a more open and competitive market environment." The Heritage Foundation's statement to the commission proposed eliminating "special privileges and protections" for the Postal Service, including the monopoly.

Some academics' and individuals' statements favor privatization, largely based on faith that private enterprise is invariably superior, and that the European trend toward commercialization points the way. Their views might carry more weight, however, if they had dealt specifically with the possibilities of bankruptcy and strikes, and their effects on the economy. Nonprofit mailers are equally specific: they want business customers to continue to subsidize postal rates for the AARP, NRA, ACLU, charities, and more.

That leaves the mailing community and the Postal Service itself, and here we have a very different set of statements to the Commission. With a few exceptions, the mailers' associations dodged or finessed commenting on the flaws and constraints in the Postal Reorganization Act of 1970. Among these, the most obvious are the PRC-USPS oddly-divided rate-setting scheme; wage-setting by arbitrators; and the structure of the Board of Governors. In general terms mailers associations decry the Postal Service's lack of flexibility and lack of responsiveness to market realities, but avoid concrete recommendations. There are alternatives. One among

several would be to abolish the PRC and authorize the Governors to set rates after due process hearings.

Some mailer groups criticize binding wage arbitration, but stop short of recommending amendment or elimination of that provision. Nor did Board Chairman S. David Fineman address that issue in his statement. (In other venues, however, he specifically proposed replacing binding arbitration with the Railway Labor Act.) Some did suggest that there should be three neutral arbitrators, not just one, and that they should be required by law to take into account the Postal Service's financial condition and other economic factors. Such suggestions are specific and have merit, but they duck the core issue.

Many of the nine part-time governors, for all their accomplishments, hard work, and good intentions, are seen as lacking experience in running large organizations. A few mailers' statements touch on this, but avoid concrete alternatives. One possibility among many would be to have a mix of full-time and part-time governors, all with statutorily-required backgrounds in managing major institutions. An alternative would be simply to move rate-setting to the parttime Governors, and provide them with support staff.

I've asked representatives of mailer groups why they did not speak out bluntly and specifically. Their replies run the gamut.

1. It's only a commission and there's an election soon. Their report may not be supported by the Administration, and even if it is, it's still up to the Congress.

2. Nothing basic will change. The unions and competitors are too strong. We're not going to antagonize the Board, or the PRC, or the unions. We need their good will, or at least we don't need their ill-will. Remember the deal to put postal contract stations in Sears stores?

3. The voting public is not unhappy with the Postal Service, there is no crisis, and no real demand for change. Why should we spin our wheels?

4. Pension liability reform will likely be resolved (S 380 and HR 735 have many sponsors) and that will delay rate increases for a long time, maybe three years.

The major mailer groups who share these four views to one degree or another are competent veterans of the postal arena. I believe, however, that their strategy at this stage of the game is ill-conceived. It is true that individual companies may be targeted, but why should PostCom, DMA, the Mailers Council and other large mailer groups feel vulnerable? Mailers owe it to themselves, and to the Commission, to set forth their views clearly and pointedly. Good commissions, properly designed and faced with a spectrum of concrete alternatives, have succeeded in altering the political landscape.

The First Hoover Commission's report contained several hundred recommendations, all in the interests of good government. No crisis drove its report, yet over 200 of its recommendations were enacted into law.

The Department of Defense (including the separate U.S. Air Force) was created in 1947 over the heated objections of the West Point and Naval Academy lobbies, and their powerful supporters among the Democratic "old bulls" in Congress. No crisis, just a better national security structure.

The Environmental Protection Agency was created in the Nixon years based on the recommendation of the Ash Council with strong support from the White House, much to the surprise of the punditocracy who confidently predicted that it would fail. No crisis, just sound organization to better meet a national need.

In 1967, postal reform was regarded by insiders as an oxymoron, a foolish dream. It came to pass in 1970 for a variety of reasons, including the Kappel Commission's 1968 report. It is simplistic to assert that it would have failed were it not for the postal strike on St. Patrick's Day of 1970.

I have worked for years to persuade the powers that be to appoint a presidential commission. It finally happened, and it's a good one. But if they receive strong, clear recommendations from those who favor stronger regulation, privatization, and arbitration, and bland statements from mailers groups, the outcome is not likely to benefit any class of mailer, business or otherwise.

It should not be assumed that reform efforts are hopeless. History teaches otherwise. There is still time to submit supplementary statements. If mailers don't step up to the plate, they'll score no hits. If they step up, they may go down swinging, but maybe not.